1777 F Street, N.W., Washington, D.C. 20006
(202) 408-2500 – www.fhfb.gov

FOR RELEASE: Contact: Daris Meeks (202) 408-2576
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PREPARED STATEMENT OF MR. RONALD A. ROSENFELD
MEMBER AND CHAIRMAN-DESIGNATE
FEDERAL HOUSING FINANCE BOARD

Following is the opening statement of Ronald A. Rosenfeld prepared for delivery to the confirmation hearing conducted by the Senate Committee on Banking, Housing, and Urban Development.

Mr. Chairman, Ranking Member Sarbanes and distinguished members of the committee. I want to express my appreciation for the opportunity to appear before you today and to extend my deepest gratitude to President George W. Bush for nominating me to be a Director of the Federal Housing Finance Board. It has been just about three and a half years ago that I appeared before this committee seeking confirmation to be the President of Ginnie Mae. Let me assure you that I approach this new honor with equally great enthusiasm and more relevant experience.

I realize that citing one's extensive experience carries with it an acknowledgement of one's age. Having started my business career as a "borrower" by virtue of being a real estate developer, then moving on to be a "provider of capital" by participating in the investment banking industry, and then becoming a "source of credit enhancement" while serving at HUD as the Deputy Federal Housing Administration (FHA) Commissioner, and more recently as President of Ginnie Mae, and now--if I am confirmed--becoming a "regulator" as a Director of the Federal Housing Finance Board, it is not unreasonable that this journey has taken 40 years.

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While bringing experience to the board is valuable, it should not be one's sole contribution. Bringing a sense of balance is equally important. We want the 12 Home Loan Banks to do business, but that goal needs to be tempered by operating in a safe and sound manner, while ensuring that the banks carry out their housing finance mission. We want the banks to take advantage of their GSE status, but we don't want them to abuse it. We want the banks to enjoy the fruits of their cooperative structure, but we also want them to treat each other fairly. While these statements are generalities, they are also the principles that will guide us.

We in the United States are the envy of the world when it comes to a housing finance system, and the Home Loan Banks have been an integral part of that success. Acknowledging the wisdom of the Congress in creating the FHA in 1934, our success in enhancing home ownership opportunities arises from the evolving structure of organizations that comprise the housing finance system. Having been created in 1932, the Home Loan Banks must continue their evolution in response to the circumstances that now exist. Meeting the country's desire for home mortgage credit and community development needs merits our best effort.

The Home Loan Bank system has proven to be a vital source of support for community-based financial institutions by facilitating their access to credit. It is my belief that the viability of local communities and the efforts of small business people constitute two of the major pillars of our society. Without community financial institutions, this would not be the case. My belief is based upon two important events in my own life. Starting out in business as an under-capitalized home builder I needed a lender that would consider "character" when making a loan since I did not have much else to offer. My early lenders were all community-based financial institutions. The other experience was gained while being the Secretary of Commerce of Oklahoma. The wonderful people of small town and rural America need community-based financial institutions – period. It is absolutely necessary that the viability of the Home Loan Bank system be sustained.

If I am confirmed, I pledge to President Bush and to members of this committee that I will do my very best to assure that the Home Loan Bank system will be managed in a prudent manner recognizing its purpose and the current environment in which it operates.

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